

OFFICIAL STATEMENT



**Redevelopment Agency of
The City of La Habra
Orange County, California**

\$1,080,000

**Downtown Project Area
Redevelopment Project
1978 Tax Allocation Bonds**

*Bonds -- Calif. -- La Habra
La Habra -- City planning,
" -- Economic conditions*

Bids to be received by a representative of the Redevelopment Agency at the Office of Stone & Youngberg Municipal Financing Consultants, Inc., Suite 402, 1541 Wilshire Boulevard, Los Angeles, California 90017, at 11:00 A.M., on Tuesday, February 14, 1978.

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REDEVELOPMENT AGENCY OF THE CITY OF LA HABRA
Orange County, California

CITY COUNCIL AND MEMBERS OF THE AGENCY

Charles V. Stevens, Jr., *Mayor*

Beth Graham

Earl C. Roget, *Mayor Pro Tem*

William Roberts, *Chairman of the Agency*

Robin Young, *Vice-chairman of the Agency*

CITY AND AGENCY STAFF

Lee Risner, *City Manager and Executive Director of the Agency*

William Waterson, *Director of Planning of the City*

Robert Hobson, *Agency Counsel and City Attorney*

William Steel, *City Controller and Treasurer of the Agency*

August "Bud" Kratzmier, *City Director of Public Services*

Robert Buonodono, *City Engineer*

Joann Jelly, *City Clerk and Secretary of the Agency*

SPECIAL SERVICES

Rutan & Tucker, *Santa Ana*
and

Stradling, Yocca, Carlson & Rauth, *Newport Beach*
Bond Counsel

Stone & Youngberg Municipal Financing Consultants, Inc., *San Francisco*
Financing Consultants

United California Bank
Fiscal and Paying Agent

Manufacturers Hanover Trust Co., *New York City*
Northern Trust Co., *Chicago*
Paying Agents

THE DATE OF THIS OFFICIAL STATEMENT IS JANUARY 10, 1978

CITY OF LA HABRA

Civic Center , P.O. Box 337 — (213) 694-1011, (714) 526-2227
La Habra, California 90631
(Redevelopment Agency of the City of La Habra)

January 10, 1978

TO WHOM IT MAY CONCERN:

The purpose of this Official Statement is to supply information to prospective bidders on and buyers of \$1,080,000 Downtown Project Area Redevelopment Project, 1978 Tax Allocation Bonds (the "Bonds"), authorized and issued for the purpose of assisting in the financing of said Project, paying of expenses in connection with issuance, and providing reserve funds as additional security for said Bonds.

The material contained in this Official Statement was prepared by Stone & Youngberg Municipal Financing Consultants, Inc., in the capacity of financing consultant to the Redevelopment Agency of the City of La Habra with regard to the Downtown Project Area Redevelopment Project, 1978 Tax Allocation Bonds. (Such firm will receive compensation from the Agency contingent upon the sale and delivery of the Bonds.) Summaries herein presented of the Resolution of Issuance, the Community Redevelopment Law, the Redevelopment Plan for said Project (as amended), financial and economic data do not purport to be complete, and reference is made to the documents on file in the office of the Executive Director of the Agency for further information. Statements which involve estimates or opinions, whether or not expressly so described herein, are intended solely as such and are not to be construed as factual reports.

The Official Statement does not constitute a contract with buyers or holders, from time to time, of the Bonds. The Resolution of Issuance, which does constitute such a contract, accompanies the Official Statement as originally distributed and is available to any prospective bidder on request from said Executive Director.

The legal opinion, approving the validity of the Bonds, will be furnished jointly by Rutan & Tucker, Santa Ana, California, and Stradling, Yocca, Carlson & Rauth, Newport Beach, California, Bond Counsel to the Agency. Bond Counsel's participation in the review of this Official Statement has been limited to reviewing the statements of law and legal conclusions as set forth hereinafter under the caption "The Bonds" — *Legal Opinion*".

No dealer, broker, salesman or other person has been authorized by the Agency to give any information or to make any representations other than those contained herein and, if given or made, such other information or representation must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of any offer to buy nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

The execution and distribution of this Official Statement have been duly authorized by the Agency.

Redevelopment Agency of The City of La Habra

/s/ WILLIAM ROBERTS
Chairman

/s/ LEE RISNER
Executive Director

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Vicinity map showing the City of La Habra and its location within southern California.
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INTRODUCTION

The Constitution and laws of the State of California recognize the vital need for the elimination and rehabilitation of deteriorating urban areas in the state through conservation and redevelopment efforts, and provide an effective means of accomplishing these objectives. Under the provisions of the Community Redevelopment Law (California Health & Safety Code, Section 33000 et seq.), communities containing areas subject to economic and social deterioration may remedy these conditions by activating a redevelopment agency, which has the power to designate specific areas for redevelopment, prepare plans for redevelopment of the designated areas, and carry out the approved plans.

Financing of redevelopment projects in California may be provided through the issuance of tax allocation bonds or notes by the agency. These types of obligations are payable from property taxes collected from within a project upon the increase in assessed valuation which has resulted from redevelopment, as more fully described in this official statement. The local community may also advance funds to the redevelopment agency to help meet project costs, in which event, the advances may be repaid from such increased taxes.

In January of 1975 the City Council of the City of La Habra determined that there was a need for redevelopment of portions of the city, and by ordinance activated the Redevelopment Agency of the City of La Habra, which is a public entity separate and apart from the city. Members of the City Council also constitute the membership of the Agency governing board, and certain city employees are assigned as Agency staff members.

The Downtown Project Area Redevelopment Project (the "Project"), the Agency's first and, to date, only, was approved by an ordinance of the city adopted October 29, 1975. The Project consists of 41 acres, and includes commercial and residential areas. Also included within the Project area is a city park and the La Habra civic center.

The \$1,080,000 principal amount of 1978 Tax Allocation Bonds currently offered for sale on behalf of the Project will be used to pay the first three years' interest on the Bonds, acquire land for resale for redevelopment, repay city advances to the Project, establish a bond reserve and pay costs of bond issuance.

Payment of interest and principal on the 1978 Tax Allocation Bonds described herein is secured by a first and irrevocable pledge of all property taxes received from increased assessed valuations of the Project over such valuations recorded prior to adoption of the Redevelopment Plan for this Project (defined herein as the Tax Revenues), and all moneys set aside as a debt service reserve, subject, however, to permitted payments of "Surplus" tax increment revenues under the terms and conditions described herein and in the Resolution of the Agency providing for the issuance of these bonds.

Since adoption of the Redevelopment Plan in October 1975, assessed valuations on all property in the Project have increased by \$195,280 over the base year valuations. At the tax rates applicable in 1977/78 to all property in the Project (\$9.5509 per \$100 assessed valuation on all property plus \$.3444 per \$100 assessed valuation on land and improvements only), the Project will generate about \$19,000 of Tax Revenues in the current 1977/78 fiscal year.

As discussed on pages 17 and 18 of this official statement, it is anticipated that Project incremental assessed valuation on all property will increase at least \$1,069,440 by 1979/80 due to two developments underway, resulting in an estimated minimum total incremental assessed valuation of \$1,264,720 by 1979/80 and in each subsequent fiscal year. At this level, and assuming continuation of the 1977/78 tax rates discussed above, the Tax Revenues of \$124,700 generated will cover estimated maximum annual interest and principal requirements on the Bonds by about 1.28 times (see Table 4 on page 22). It is noted that the first three years' interest on the Bonds will be funded from Bond proceeds (through March 1, 1981); therefore, Tax Revenues will not be needed to meet debt service on the Bonds until September 1, 1981, one full year after the Tax Revenues are first generated by the development currently in progress within the Project. It is anticipated by the Agency that additional development will occur in the Project in future years but no projections of such development or resulting incremental assessed valuation have been made for the above computations.

This Introduction does not purport to present the complete provisions of the bonds now being offered, their terms of sale, documents authorizing their issuance and other relevant data. Reference is hereby made to the Official Statement, Notice Inviting Bids, and Resolution No. 78-01 of the Redevelopment Agency of the City of La Habra for a complete recitation of such provisions and information. This Introduction is part of the Official Statement and should be read in conjunction therewith.

THE BONDS

The statements herein concerning the Bonds and the Resolution are summaries of certain provisions thereof. They make use of definitions, do not purport to be complete, and are qualified in their entirety by reference to the Resolution, a copy of which accompanies this official statement as originally distributed.

Authority for Issuance

The \$1,080,000 Downtown Project Area Redevelopment Project, 1978 Tax Allocation Bonds (the "Bonds"), currently being offered, were authorized pursuant to a resolution of the Redevelopment Agency of the City of La Habra adopted January 10, 1978 (the "Resolution"). The La Habra City Council approved the issuance of the Bonds at its meeting held on January 3, 1978. The Bonds will be issued under the provisions of and in full conformity with the Constitution and laws of the State of California, including the Community Redevelopment Law (commencing with Section 33000 of the California Health and Safety Code — the "Law"), and acts amending or supplementing that Law.

Sale of Bonds

Bids for the purchase of the Bonds will be received on behalf of the Redevelopment Agency of the City of La Habra until 11:00 A.M., Tuesday, February 14, 1978 at the offices of Stone & Youngberg Municipal Financing Consultants, Inc., 1541 Wilshire Boulevard, Suite 402, Los Angeles, California 90017. Details as to the terms of sale are included with the Notice Inviting Bids, adopted January 10, 1978, a copy of which is included with this official statement as originally distributed.

Description of Bonds

The \$1,080,000 principal amount of Downtown Project Area Redevelopment Project, 1978 Tax Allo-

cation Bonds will be dated as of March 1, 1978 and be issued either in coupon form in denominations of \$5,000 each, numbered 1 through 216, or in fully registered form in the denomination of \$5,000 or any multiple thereof, maturing on March 1 in the years and in the amounts shown below. Interest is payable semiannually on September 1 and March 1, commencing September 1, 1978. The Bonds, the interest thereon, and any premiums upon the redemption thereof prior to maturity are payable at the Los Angeles principal office of the Fiscal Agent, United California Bank (Trust Division) Los Angeles, California, or at paying agents of the Agency in The City of New York, New York and Chicago, Illinois.

Maturity Date March 1	Principal Amount	Maturity Date March 1	Principal Amount
1982	\$15,000	1995	\$40,000
1983	15,000	1996	45,000
1984	20,000	1997	50,000
1985	20,000	1998	50,000
1986	20,000	1999	55,000
1987	25,000	2000	60,000
1988	25,000	2001	60,000
1989	25,000	2002	65,000
1990	30,000	2003	70,000
1991	30,000	2004	75,000
1992	35,000	2005	85,000
1993	35,000	2006	90,000
1994	40,000		

Registration

The Bonds will be issued as coupon bonds or as fully registered bonds, at the purchasers' option, with the privilege of exchange as set forth in the Resolution.

Redemption Provisions

Bonds maturing on or prior to March 1, 1992, a total principal amount of \$260,000, are not subject to call or redemption prior to their respective maturity dates. Bonds maturing on or after March 1, 1993, a total principal amount of \$820,000, are subject to call and redemption as a whole or in part in inverse order of maturity and by lot within a single maturity, at the option of the Agency, from any available source of funds, on any interest payment date commencing with March 1, 1992, upon payment of the principal

amount to be redeemed, accrued interest to the date of call, plus a premium equal to $\frac{1}{4}$ of 1% of the principal amount of Bonds called for redemption for each year from the date of redemption to the stated maturity date, not to exceed 3%. Notice of call for redemption shall be given as provided in the Resolution.

Legal Opinion

The joint opinion of Rutan & Tucker, Santa Ana, California and Stradling, Yocca, Carlson & Rauth, Newport Beach, California, Bond Counsel for the Agency, attesting to the validity of the Bonds, will be supplied free of charge to the purchaser of the Bonds. A copy of the legal opinion, certified by the official in whose office the original is filed, will be printed on each Bond without charge to the successful bidder.

The statements of law and legal conclusions set forth in this official statement under the heading "The Bonds" have been reviewed by Bond Counsel. Bond Counsel's employment is limited to a review of the legal procedures required for the authorization of the Bonds and to rendering an opinion as to the validity of the Bonds and the exemption of interest on the Bonds from income taxation (see section hereof entitled "Tax Exempt Status"). The opinion of Bond Counsel will not consider or extend to any documents, agreements, representations, offering circulars or other material of any kind concerning the Bonds, including this official statement, not mentioned in this paragraph.

Certificate Concerning Official Statement

At the time of payment for and delivery of the Bonds, the Agency will furnish the successful bidder a certificate, signed by an appropriate officer of the Agency, acting in his official capacity, to the effect that to the best of his knowledge and belief, and after reasonable investigation: (i) neither the Official Statement nor any amendment or supplement thereto contains any untrue statement of a material fact or omits to state any material fact necessary to make the statements therein, in light of the circumstances in which they were made, not misleading; (ii) since the date of the Official Statement no event has occurred which should have been set forth in an amendment or supplement to the Official Statement which has not been set forth in such an amendment

or supplement; and (iii) there has been no material adverse change in the operation or financial affairs of the Agency since the date of such Official Statement.

Other Closing Documents

In addition to the opinion of Bond Counsel and the Certificate Concerning the Official Statement described above, the Agency will, at the time of delivery of the Bonds, furnish the purchaser the following documents, all to be dated as of the date of delivery:

1. **Arbitrage Certificate.** A certificate of a responsible officer of the Agency certifying that, on the basis of the facts and circumstances in effect at the time of delivery of the Bonds, it is not expected that the proceeds of the Bonds will be used in a manner that will cause the Bonds to be arbitrage bonds.

2. **Signature and No Litigation Certificate.** A certificate of the Agency signed by officers and representatives of the Agency certifying to the following: (1) that said officers and representatives have signed the Bonds, whether by facsimile or manual signature, and that they were respectively duly authorized to execute the same; and (2) that there is no litigation threatened or pending directly affecting the validity of the Bonds.

However, the constitutionality of the tax increment financing system for redevelopment projects in California (as applied in Los Angeles County), as authorized by the California Constitution and Health and Safety Code Section 33670, and the payment of the tax revenues by the Los Angeles County Auditor-Controller are presently being challenged in the case of *McNutt, et al. v. City of Los Angeles, et al.*, Los Angeles County Superior Court Case No. 0210576 (see discussion of the case under the section headed "Property Tax Limitations and Exemptions, Legislation, and Litigation" on page 7 of this official statement). Although the agency itself is not a defendant, unless said case is dismissed or otherwise disposed of, it will be mentioned in the certificate.

It is intended that this reference to the *McNutt* case in the No Litigation Certificate will be informational only, assuming no new adverse developments in the case.

3. **Treasurer's Receipt.** The receipt of the Treasurer of the Agency showing that the pur-

chase price of the Bonds, including accrued interest to the date of delivery (if any), has been received by the Agency.

Tax Exempt Status

In the opinion of Bond Counsel, interest on the Bonds is exempt from present federal income taxes and from State of California personal income taxes under existing statutes, regulations and court decisions.

Legality for Investment in California

The California Community Redevelopment Law provides that bonds authorized and issued in the same manner and for the same purposes as the Downtown Project Area Redevelopment Project, 1978 Tax Allocation Bonds shall be legal investments for all banks, including trust companies, and various other financial institutions, as well as for trust funds and other public bodies. The Community Redevelopment Law also provides that such bonds are authorized security for public deposits.

The Superintendent of Banks of the State of California has previously ruled that bonds of a redevelopment agency are, by said statute, legal investments in California for savings banks. As such, the Bonds would also be legal investments for all trust funds, and for the funds of all insurance companies, commercial banks, trust companies, and any public or private funds which may be invested in county, municipal, or school district bonds. The Bonds may be deposited as security for the performance of any act whenever the bonds of any county or municipality may be so deposited, and may also be used as security for the deposit of public moneys in banks in the state. A separate ruling from said Superintendent of Banks has not been requested for these Bonds.

Purpose and Disposition of Bond Proceeds

Proceeds of the Bonds are to be used to finance acquisition of property and related expenses, and to repay city advances to the Project, as described in the section of this official statement entitled "The Project".

Under the provisions of the Resolution, the Fiscal Agent will receive the proceeds from the sale of the Bonds and will apply them as follows:

(1) A sum which together with accrued interest and premium, if any, is equal to the first three years' interest on the Bonds will be deposited in the Interest Account of the Downtown Project Area Redevelopment Project Special Fund (hereinafter described).

(2) A sum equal to the maximum annual bond service on the Bonds (the "Minimum Reserve") will be deposited in the Reserve Account of the Downtown Project Area Redevelopment Project Special Fund (hereinafter described).

(3) The balance of the proceeds will be deposited in the Downtown Project Area Redevelopment Project Redevelopment Fund (hereinafter described), to be expended for the purposes for which the Bonds were issued.

The estimated amount of Bond proceeds to be used for each of the specified purposes is as shown in the tabulation below.

DOWNTOWN PROJECT AREA REDEVELOPMENT PROJECT Disposition of Bond Proceeds

Repayment of city advances and property acquisition	\$ 654,200
Capitalized interest (3 years' interest estimated @ 7%)	226,800
Reserve Account (maximum annual debt service)	97,250
Provision for Bond discount (5% maximum)	54,000
Costs of issuance (legal, financing, printing, etc.)	47,750
Principal Amount of Bonds ...	<u>\$1,080,000</u>

Security

The Bonds are payable from any available funds of the Agency and are secured by a first and exclusive pledge of all Tax Revenues (as defined below) and all moneys in the Reserve Account (to be established with the Fiscal Agent). The Tax Revenues are irrevocably pledged in their entirety to the payment of the Bonds or to the Reserve Account by transfer, so long as any of the Bonds remain outstanding or unprovided for. However, the

Resolution provides for discretionary disbursement of a portion of the Tax Revenues to the Agency after certain coverage requirements and other conditions precedent have been met (see section below entitled "Creation of Funds and Accounts" — "Surplus").

Under the provisions of the Community Redevelopment Law and the Redevelopment Plan for the Downtown Project Area Redevelopment Project, taxes on property in the Project levied by any taxing agency will be allocated in the following manner upon issuance of the Bonds:

(1) Taxes levied at the total prevailing rates each year against an amount equivalent to the recorded 1975/76 assessed valuation of property within the Project (as determined by the Orange County Auditor-Controller) will continue to be paid into the funds of the respective taxing agencies.

(2) Taxes derived from increases in the assessed valuation of property within the Project above the frozen base occurring for any reason (the "Tax Revenues") will be deposited in the Special Fund of the Agency, held and administered by the Fiscal Agent for payment of the Bonds.

The Bonds are special obligations of the Redevelopment Agency of the City of La Habra and as such are not a debt of the City of La Habra, the State of California, or any of its political subdivisions. Neither the city, state, nor any of its political subdivisions are liable for their payment. These Bonds do not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction.

The validity of the Bonds is not dependent upon the completion of the Project or upon the performance by anyone of their obligation relative to the Project.

Creation of Funds and Accounts

The Resolution provides for the establishment of funds and accounts to be held by the Treasurer of the Agency and the Fiscal Agent for the administration and control of the proceeds obtained from sale of the Bonds, any other funds allocable to the Project, and from the pledged Tax Revenues. Specific aspects of these funds and accounts are described as follows.

The Redevelopment Fund (held by the Treasurer) — Moneys deposited in the Downtown Project Area Redevelopment Project Redevelopment Fund from Bond proceeds and any other sources, if required by the Agency, shall be used for the purpose of aiding in financing the Project. All moneys in excess of those required to complete the Project may be transferred from the Redevelopment Fund to the Special Fund, or be held in the Redevelopment Fund to assist in financing subsequent phases of the Project, if any, as determined by the Agency.

The Special Fund (held by the Fiscal Agent) — Under the provisions of the Resolution, the Agency authorizes and directs the payment of Tax Revenues, as defined in a preceding section, directly to the Fiscal Agent for deposit in the Downtown Project Area Redevelopment Project Special Fund.

So long as any of the Bonds are outstanding or unprovided for, moneys in the Special Fund shall be set aside in the following special accounts and be used in the following order of priority:

(1) *Interest Account.* On or before the last day of August 1978, and the last days of each February and August thereafter, the Fiscal Agent shall set aside from the Special Fund in the Interest Account an amount sufficient to pay the aggregate interest on all of the outstanding Bonds on the next succeeding interest payment date. Any funds so set aside shall be applied solely to the payment of interest on the Bonds when due (including accrued interest on any Bonds purchased or redeemed prior to maturity).

(2) *Principal Account.* On or before the last day of each February, commencing February 28, 1982, the Fiscal Agent shall set aside from the Special Fund in the Principal Account an amount sufficient to pay the aggregate yearly principal becoming due and payable on the outstanding Bonds on the next principal payment date. All funds in the Principal Account shall be applied solely for the payment of principal of the Bonds when due and payable.

(3) *The Reserve Account.* After making the foregoing deposits, the Fiscal Agent shall set aside in the Reserve Account an amount sufficient to maintain the Minimum Reserve (as defined below) in said Reserve Account.

Moneys in the Reserve Account (initially equal to the maximum annual bond service requirements on the Bonds) shall be withdrawn and used

by the Fiscal Agent solely for the purpose of paying the interest on and principal of the Bonds, or for the purpose of retiring all of the Bonds at the time outstanding.

At all times, a Minimum Reserve (an amount equal to the maximum annual bond service due on the Bonds) shall be maintained in the Reserve Account. Should the amount in the Reserve Account be less than the required Minimum Reserve, the Fiscal Agent shall restore the balance by transfer of the first available moneys in the Special Fund.

(4) *Surplus.* The Fiscal Agent on or before December 31 of each year, commencing December 31, 1978, shall ascertain the amount of Tax Revenues received or to be received during the then current fiscal year by the Agency based upon the most recent assessed valuation of taxable property in the Project (as certified by the Auditor-Controller of Orange County), and shall estimate that portion of said Tax Revenues which will be in excess of 125% of the amount of principal and interest which shall have come due or to become due during said fiscal year on the Bonds (and any additional bonds) then outstanding, and shall promptly notify the Agency of the excess portion so determined. The Agency may, by written notice to the Fiscal Agent within 30 days after receipt of such notification, direct that an amount not exceeding said excess portion: (a) be used for the purchase and/or call and redemption of outstanding Bonds; or (b) be paid to the Agency, which amount may be used by the Agency for any purpose authorized in the Law, provided that with respect to this subparagraph (b) the following conditions have been met: (i) The deposits required by the foregoing paragraphs (1), (2) and (3) have been made so that the required amounts are in the above mentioned accounts as shown by a notification of the Fiscal Agent; (ii) the Agency shall have filed with the Fiscal Agent a certification to the effect that the Agency has actually incurred an obligation on behalf of the Project (other than the obligation created under the Resolution), and has no later than the next preceding October 1, filed such supporting documentation attesting thereto as the Auditor-Controller of Orange County shall deem necessary; and (iii) the Fiscal Agent shall have certified that the Agency is not in default under the terms of the Resolution or the Bonds.

Upon receipt of the Tax Revenues, the Fiscal Agent shall make such payment or payments, as directed by the Agency.

The annual amounts retained in the Special Fund shall be accumulated and applied by the Fiscal Agent to the purchase or call of outstanding Bonds in accordance with the terms of the Resolution, unless needed to make any deposits required under paragraphs 1, 2 and 3, above, not otherwise provided for.

Property Tax Limitations and Exemptions, Legislation, and Pending Litigation

The California Legislature has enacted legislation intended to limit future increases in ad valorem property tax rates. This legislation generally limits all future general purpose tax rates to that imposed during either the 1971/72 or 1972/73 fiscal year, or the rates set by the enabling statute of the particular taxing entity. Tax rate limits may be raised by any amount which is approved by a majority vote of the electorate. Tax rates may also be increased under an inflation or "cost-of-living" formula incorporated in the legislation. This legislation does not restrict tax rates levied for certain limited purposes, e.g. general obligation bonds or for voter approved pension plans.

Certain exemptions from property taxes have been granted to specific classes of property located in California. Revenues lost by local taxing agencies from two of these exemptions (the homeowners' property tax exemption and the business inventories exemption, which are discussed under the section "City Financial Data" in this official statement) are reimbursed by the State and are allocated to eligible redevelopment agencies in the same manner as locally collected taxes. Revenues lost as a result of other types of exemptions are not reimbursed, but assessed valuations of such exempt property are not reflected in either the frozen base roll or subsequent years' rolls. There is no assurance that additional tax rate limitations or exemptions will not be approved, nor is there any assurance that revenues lost will continue to be reimbursed to local taxing agencies or allocated to redevelopment agencies. To the extent that such limitations or exemptions are approved, and reimbursement and allocation of lost revenues are not made, the security of the Bonds could be adversely affected.

Redevelopment agencies in California do not have the power to levy or collect property taxes, but must rely upon the taxes levied on property within a project by other taxing agencies for the production of Tax Revenues. The Project consists of a single tax code area, in which the 1977/78 tax rate for all purposes applicable to all property located within the Project is \$9.5509 per \$100 assessed valuation. The tax rate on land and improvements only within the Project is an additional \$.3444 per \$100 assessed valuation. For the purposes of this official statement, projections of Tax Revenues to be allocated to the Agency in or for 1977/78 and subsequent years are based upon the tax rates in effect for 1977/78.

The Agency has been advised that a proposed initiative measure entitled "Property Tax Limitation, Initiative Constitutional Amendment" has qualified for a place on the ballot at the June 6, 1978 statewide election.

The office of the Attorney General has provided the following summary of the measure:

PROPERTY TAX LIMITATION. INITIATIVE CONSTITUTIONAL AMENDMENT. Limits ad valorem taxes on real property to 1% of value except to pay indebtedness previously approved by voters. Establishes 1975-76 assessed valuation as base value of property for tax purposes. Limits annual increases in value. Provides for reassessment after sale, transfer, or construction. Requires $\frac{2}{3}$ vote of Legislature to enact any change in state taxes designed to increase revenues. Prohibits imposition by state of new ad valorem, sales, or transaction taxes on real property. Authorizes specified local entities to impose special taxes except ad valorem, sales and transaction taxes on real property. Financial Impact: Would result in the loss of local property tax revenues of \$7 billion to \$8 billion annually and a reduction in state costs of about \$700 million in 1978-79 and \$800 million annually thereafter.

The Agency can neither predict whether or not the Initiative will be approved by the voters nor whether or not the validity of the Initiative will, if thereafter challenged, be upheld, in whole or in part, by the courts. However, if the measure were to be approved by the voters and upheld by the courts, tax rates of the various public entities which levy taxes in the Project area would be substantially reduced, and future increases in the assessed valuation of

property in the Project area attributable to inflation of property values (as opposed to increases in assessed valuation attributable to new construction) would be limited. Thus, the amount of the tax allocations otherwise potentially available to the Agency would be reduced, and the security of the Bonds could be adversely affected.

The present California system of levying taxes and applying funds for public school purposes has been held unconstitutional under provisions of the California Constitution by the California Supreme Court in the case entitled *Serrano v. Priest*, 18 Cal.3d 728 (1976). The decision requires that a new system for financing California primary and secondary schools must be implemented by September 3, 1980.

The Superior Court judgment as affirmed by the California Supreme Court contains a statement that the existing public school financing system shall continue to operate until an appropriate system, not in violation of the California Constitution, can be placed into effect.

Legislation has been enacted by the California legislature in response to *Serrano v. Priest*. This legislation significantly increases the amount of state money supplied to public school districts having a low local property tax basis, and provides for some equalization of tax moneys by redistributing some tax revenues of school districts having a high per-pupil property tax basis to school districts having a low per-pupil property tax basis.

It is likely that further litigation will result to determine whether the enacted legislation satisfies the constitutional requirement pronounced in *Serrano v. Priest*. To the extent this decision and any future legislative or judicial action required to implement or enforce such decision may limit the ability of schools to continue to levy ad valorem property taxes for the support of education, Tax Revenues may be reduced, adversely affecting the security of the Bonds. The total 1977/78 tax rate for public elementary and high schools within the Project subject to such decision is \$4.1415 per \$100 assessed valuation, of which an undetermined portion would be subject to such decision.

On August 22, 1977, a lawsuit (*McNutt, et al, v. City of Los Angeles, et al*) was filed in the Superior Court of California for the County of Los Angeles against fifteen Southern California cities, their redevelopment agencies and the Los Angeles County

Auditor-Controller. Neither the City of La Habra nor the Redevelopment Agency of the City of La Habra are named as defendants.

The complaint alleges that the provisions of the Community Redevelopment Law authorizing the allocation of that portion of the property taxes derived from a redevelopment project area representing tax-increment funds are invalid under the Constitutions of California and the United States. The complaint seeks a declaration that the statutory basis for tax-increment financing is unconstitutional and an injunction preventing any payment of tax-increment funds to the defendant.

As of the date of this official statement, it is understood that the defendants have answered the complaint.

The City of Industry and the Industry Urban-Development Agency ("IUDA"), named defendants in the *McNutt v. City of Los Angeles* lawsuit, have filed a cross-complaint and amendment thereto in the case. The amended cross-complaint alleges as one of three causes of action that certain of the cross-defendants are presently engaged in discussions with plaintiffs and their attorneys for the purpose of joining in a conspiracy to subvert and abuse the processes of the court and to obtain a dismissal of this action as to their particular agencies with the understanding that the cross-complainants will not be dismissed, so that conspiring agencies will be able to sell bonds, obtain funds and proceed with the obtaining of developers and redevelopers for their redevelopment projects while cross-complainant IUDA remains a named defendant and therefore unable to finance its redevelopment project.

The Redevelopment Agency of the City of La Habra is not a named defendant, but the complaint seeks a declaration that the statutory basis for tax-increment financing is unconstitutional and an injunction preventing any payment of tax-increment funds to defending agencies.

The outcome of this litigation and any resulting effect upon the allocation of tax-increment funds derived from a redevelopment project area for the payment of debt service on tax allocation bonds outstanding at the time of the final decision are not determinable at this time. However, to the extent that any future decision in the case may limit or prohibit the current method of allocation of such tax-increment funds and construe such limitation or

prohibition as applicable to previously issued bonds, the security for the bonds may be adversely affected or substantially eliminated.

Issuance of Additional Bonds

The Agency may, by Supplemental Resolution, issue Additional Bonds to pay the costs of the Project (including subsequent phases of the Project, if any) provided:

a. The Agency must be in compliance with all covenants set forth in the Resolution.

b. The Reserve Account must be increased, if necessary, by an amount sufficient to maintain the Minimum Reserve (maximum annual debt service due on the Bonds and any Additional Bonds).

c. The Additional Bonds must mature on March 1, and interest thereon is to be payable semiannually on March 1 and September 1 of each year, except interest for the first year may be payable at the end of said year.

d. Tax Revenues produced or to be produced from the most recent equalized assessed valuation of taxable property located in the Project, as reported by the Auditor-Controller of Orange County (including an allowance for estimated Tax Revenues to be derived upon completion within two years of the date of such Additional Bonds for construction in progress), are at least equal to 1.25 times the assumed average annual debt service on all series of outstanding Bonds and the Additional Bonds proposed to be issued, as opined to by an independent certified public accountant or firm of certified public accountants employed by the Agency (the computation of assumed average annual debt service is to be made on the basis of approximately equal annual payments of principal plus interest over the entire term of the Bonds and the Additional Bonds proposed to be issued). For purposes of this computation, taxable property shall include assessed valuations of property exempt from local property taxation by reason of the homeowners' and business inventories exemptions and any other exemptions subsequently enacted by the State Legislature or mandated by judicial decision, to the extent that in-lieu payments for any such exemptions are made to the Agency.

The Agency may, at some future date, issue Additional Bonds to finance subsequent Project expenditures, if any, but does not anticipate that such Additional Bonds would be issued within the next twelve months.

Refunding Bonds

Existing State Law provides that refunding bonds secured by Tax Revenues derived from the Downtown Project Area Redevelopment Project may be issued for the purpose of refunding all or any series of the Bonds then outstanding.

Certain Covenants of the Agency

Certain covenants of the Agency under the Resolution are summarized in the following paragraphs.

1. The Agency will punctually pay, or cause to be paid, the principal of and interest on the Bonds as they become due.

2. The Agency will not encumber, pledge, or place any charge or lien upon any of the Tax Revenues superior to or on a parity with the pledge and lien created in the Resolution except as provided in the Resolution.

3. The Agency will deposit and use the Bond proceeds as provided in the Resolution, and will manage and operate all properties owned by the Agency and comprising any part of the Project in a sound and businesslike manner and will keep such properties insured at all times in conformity with sound business practice.

4. The Agency will pay and discharge, or cause to be paid and discharged, any governmental charges imposed, and all lawful claims for labor, materials or supplies which, if unpaid, might become a lien or charge which might impair the security of the Bonds. The Agency does not, however, covenant to make any such payment so long as the Agency in good faith shall contest the validity of said claims.

5. The Agency will keep proper books of accounts and will cause to be prepared within 120 days after the close of each fiscal year complete financial statements, in reasonable detail, on the Project, the Tax Revenues and other funds and accounts as provided in the Resolution, all as certified by an independent certified public accountant, or firm of independent certified public accountants. The Agency will furnish a copy of such statements to any Bond-

holder upon written request. Said books and accounts will be maintained separate and apart from those of the City of La Habra.

6. The Agency will carry out to completion with all practical dispatch the Project, and the Project will be accomplished and completed in a sound and economical manner and in conformity with the Redevelopment Plan, and the Community Redevelopment Law. The Redevelopment Plan may be amended as provided in the Law, but no such amendment may be made which would substantially impair the security of the Bonds or the rights of the Bondholders.

7. If all or any part of the Project owned by the Agency shall be taken by eminent domain proceedings, the net proceeds realized by the Agency therefrom shall be deposited with the Fiscal Agent in the Special Fund for the purpose of paying principal of and interest on the Bonds subject to the terms, conditions and requirements contained in the Resolution.

8. Whenever any property in the Project has been redeveloped and thereafter is leased by the Agency to any person or persons (other than the City of La Habra or a public instrumentality thereof), or whenever the Agency leases real property in the Project to any person or persons for redevelopment, the property shall be assessed and taxed in the same manner as privately owned property (in accordance with Section 33673 of the Health and Safety Code of the State of California), and the lease or contract shall provide: (a) that the lessee shall pay taxes upon the assessed value of the entire property and not merely upon the assessed value of their leasehold interest, and (b) that if for any reason the taxes paid by the lessee on such property in any year during the term of the lease or contract shall be less than the taxes which would have been payable upon the assessed value of the entire property if the property were assessed and taxed in the same manner as privately owned property, the lessee shall pay such difference to the Agency within thirty days after the taxes for such year become payable to the taxing agencies and in any event prior to the delinquency date or dates of such taxes established by law. All such payments to the Agency shall be treated as Tax Revenues and shall be deposited by the Agency in the Special Fund held by the Fiscal Agent.

9. The Agency will not dispose of more than 10% of the land area in the Project (other than property shown by the Redevelopment Plan in effect as of the date of the Resolution as planned for public use, or for such other limited public uses as specified in the Resolution) to public bodies or other persons or entities whose property is tax exempt if as a result of such disposition the security of the Bonds or the rights of the Bondholders will be substantially impaired.

10. The Agency will preserve and protect the security of the Bonds and the rights of the Bondholders, and will warrant and defend their rights against all claims and demands of all persons.

11. The Agency will not invest or cause to be invested proceeds of the Bonds in a manner which would result in the Bonds becoming taxable arbitrage bonds within the meaning of Section 103(c) of the Internal Revenue Code, as amended, and applicable regulations adopted thereunder.

Deposit and Investment of Moneys in Funds

Subject to the provisions of the Resolution, all moneys held by the Fiscal Agent in the Redevelopment Fund and the Special Fund, except such moneys which are at the time invested, shall be held in time or demand deposits in any bank or trust company authorized to accept deposits of public funds (including the banking department of the Fiscal Agent) and shall be secured at all times by bonds or other obligations which are authorized by law as security for public deposits, of a market value at least equal to the amount required by law.

Moneys in the Redevelopment Fund and the Special Fund may, and upon written request of the Agency shall, be invested by the Fiscal Agent in certain Federal securities as described in the Resolution.

Obligations purchased as an investment of moneys in any of said funds shall be deemed at all times to be a part of such fund and any gain realized from such investment shall be credited to such fund and any loss resulting from any such authorized investment shall be charged to such fund without liability to the Agency or the members and officers thereof or to the Fiscal Agent. Investment income from moneys in the Reserve Account in excess of the Minimum Reserve may, at the request of the Agency, be transferred to the Redevelopment Fund, and in-

vestment income from moneys in the Redevelopment Fund may be so transferred to the Reserve Account.

For the purpose of determining at any given time the balance in such fund, any investment constituting a part of such fund shall be valued at the estimated market value of such investment.

Events of Default — Remedies

The Resolution declares each of the following events to be an event of default:

(1) Failure to pay the principal on the Bonds when due and payable;

(2) Failure to pay interest on the Bonds when due and payable;

(3) Default by the Agency in the performance or observance of any of the covenants, agreements or conditions in the Bonds or in the Resolution if such default continues for sixty (60) days after written notice thereof has been given to the Agency by the Fiscal Agent or by the holders of not less than 25% in aggregate principal amount of the Bonds then outstanding;

(4) The assumption by any court of competent jurisdiction, under the provisions of any law for the relief or aid of debtors, of custody or control of the Agency or the whole or any substantial part of its property if such custody or control shall not be terminated or stayed within sixty (60) days from the date of assumption of such custody or control.

In the case of an event of default, the Fiscal Agent may, and upon written request of the holders of not less than 25 percent in aggregate principal amount of the Bonds at the time outstanding must, declare the principal of all the Bonds then outstanding and the interest thereon to be due and payable immediately.

In addition, in the case of an event of default, the Fiscal Agent may, and upon written request of the holders of not less than 25 percent in principal amount of the Bonds then outstanding must, proceed to protect or enforce the rights of the Bondholders by whatever appropriate judicial proceeding or proceedings the Fiscal Agent deems most effectual.

In the event that the Fiscal Agent, upon the occurrence of an event of default, shall have taken some legal action, it shall have the full power, in the exercise of its discretion, to continue, discontinue,

withdraw, compromise, settle or otherwise dispose of such action unless, if the event of default is still in existence, and if at the time there has been filed with the Fiscal Agent the written request signed by the holders of at least 25 percent in principal amounts of the Bonds outstanding opposing such continuance, discontinuance, withdrawal, settlement or other disposal of such litigation, then the Fiscal Agent may not discontinue, withdraw, compromise, settle or otherwise dispose of any litigation, pending at law or in equity.

The Resolution provides that no remedy conferred therein upon the Fiscal Agent or the Bondholders shall be exclusive of any other remedy, and that each and every remedy shall be cumulative and shall be in addition to every other remedy given under the Resolution or thereafter conferred upon the Fiscal Agent or Bondholders. However, the effect of any such remedies may be limited by the laws of the State of California affecting such remedies and may also be limited by laws governing enforcement of creditors' rights.

Amendment of the Resolution

The Resolution may be modified or amended only with the consent of the holders of 60% of all Bonds then outstanding (exclusive of Bonds owned by the Agency or the City) unless the modification or amendment is for the purpose of curing ambiguities or defects in the Resolution; or grants or confers upon the Bondholders additional rights, remedies, powers, authority or security, or to add additional covenants; or to provide for the issuance of additional bonds in conformity with the Resolution, in which case no Bondholder's consent is required. No modification or amendment of the Resolution shall, without the express consent of the Bondholder, reduce the principal amount of any Bond, reduce the interest rate payable thereon, advance the earliest redemption date, reduce the premium payable upon redemption thereof, extend the maturity of the Bonds or the time for paying interest thereon, reduce the percentage of consent required for amendment or modification of the Resolution, or change the monetary medium in which principal and interest is payable.

REDEVELOPMENT AGENCY OF THE CITY OF LA HABRA

The Redevelopment Agency

The La Habra City Council took action on January 7, 1975 that formally recognized the need for redevelopment of portions of the city. The Agency was created under the provisions of the Community Redevelopment Law by adoption of Ordinance No. 922, and at the same time the City Council declared itself to be the Agency. The Agency appoints an Executive Director to implement Agency policies and administer redevelopment activities.

City staff provides technical services connected with redevelopment projects, including fiscal services, engineering, planning, legal assistance and other functions necessary for project implementation.

The City Manager, Mr. Lee Risner, also acts as Executive Director of the Agency. Mr. Risner has been City Manager of La Habra since 1970 and has served in city management and administration for almost 25 years. He is also presently a member of the Orange County Manpower Commission and the Orange County Criminal Justice Council and serves as Chairman of the Orange County Juvenile Diversion Management Consortium.

Agency financial records are maintained in the city's finance department under the supervision of the Controller/Treasurer, Mr. William Steel, who also acts as Treasurer of the Agency. Mr. Steel joined the city in 1970 as Manager of Finance and has over 25 years of accounting and financial management experience, both in government and industry.

Powers

All powers of the Agency are vested in its five members. Under the Community Redevelopment Law, the Agency is a separate public body and exercises governmental functions in executing duly adopted redevelopment projects. As such, the Agency

has the authority to acquire, develop, administer, and sell or lease property, including the right of eminent domain, the right to accept financial assistance from any source, and the power to issue bonds, notes or other evidences of indebtedness, and expend their proceeds. The Agency itself does not have the power to levy taxes.

The Agency may also clear buildings or other improvements, develop as a building site any real property owned or acquired, and in connection with such development, may provide for the installation of streets, utilities, sidewalks, and other necessary public improvements. With the exception of publicly owned structures and facilities benefitting the Project, the Agency itself cannot construct any buildings contemplated under the Redevelopment Plan but must convey property in the Project by sale or lease for private redevelopment in strict conformity with the Plan. The Agency may specify a period of time within which such development must begin.

Tax Allocation Financing

The Community Redevelopment Law authorizes a method of financing redevelopment projects based upon a prescribed allocation of property taxes collected within a project. The assessed valuation of taxable property within the project is in effect frozen at the level set forth in the assessment rolls last equalized prior to the effective date of the Ordinance adopting the redevelopment plan (and any amendments thereto), and all overlapping taxing bodies continue to receive the taxes derived by the levy of the current tax rate against the assessed valuation of the project up to an amount equivalent to this frozen base. All property taxes collected each year after the adoption of the redevelopment plan upon any increase in assessed valuation above the established base level may be credited to a redevelopment agency and pledged to the repayment of any indebtedness incurred in the development of the project. The county also distributes to the Agency the incremental delinquent taxes in the same manner when they are collected. After all indebtedness of the Agency for a given project has been repaid, the total taxes produced by the project thereafter accrue to the respective taxing bodies in the usual manner. Thus, the tax allocation procedure not only permits each taxing agency to levy and collect taxes on the level of assessed valuation existing in a project prior to redevelopment, but also provides that increases in

assessed valuation occurring as a result of such redevelopment may be used as a basis for the repayment of costs or indebtedness incurred in behalf of the project.

During the course of redevelopment, assessed valuations may temporarily be less than the frozen base, as a redevelopment agency acquires land and improvements and the properties are removed from the tax rolls by virtue of the transfer to public ownership, or as other land development activities result in a short-term reduction in assessed valuation. While assessed valuations are less than the frozen base, overlapping taxing entities receive only the taxes derived from the current tax rate applied against the actual assessed valuation. As an agency disposes of land to private ownership for purposes of redevelopment, it is returned to the tax rolls with an assessed valuation that usually reflects the higher level of planned use prescribed in the redevelopment plan. In the event that privately-owned property is acquired and permanently removed from the tax rolls for public uses, the frozen base valuation is reduced proportionately so that the ability to generate Tax Revenues from any new development will not be impaired.

It should be noted that assessed valuations may increase from new development for which an agency has no control or responsibility. Such development, if within a project area, is nevertheless available to secure any indebtedness of the particular redevelopment agency.

As previously stated, the Community Redevelopment Law authorizes the incurrence of indebtedness by a redevelopment agency, and the payment of

debt service costs is permitted from any one or a combination of stated sources. The 1978 Tax Allocation Bonds now being offered for sale are secured by a pledge of tax receipts produced from the incremental assessed valuation of the Project (previously defined as the Tax Revenues) which are to be paid directly into the Agency's Special Fund established for the benefit of the Bondholders, and held by the Fiscal Agent. As discussed previously, Tax Revenues received each year in excess of one hundred and twenty five percent (125%) of aggregate annual interest and principal requirements on the Bonds (and for other required payments and deposits, if any) may be paid to the Agency by the Fiscal Agent, subject to certain conditions precedent.

Agency Financial Statements

The Redevelopment Agency of the City of La Habra is a public entity separate and apart from the City of La Habra, but is entirely staffed by employees of the city. All accounting records of the Agency operations are maintained by the city's Finance Department separately from the accounting records of the city.

Agency financial statements for the fiscal years 1975/76 and 1976/77 were audited by Peat, Marwick, Mitchell & Co., independent certified public accountants. Separate audits will be prepared for subsequent fiscal years, and as required by the Resolution, will be available to any Bondholder upon request within 120 days following the close of each fiscal year. The 1976/77 audit of the Agency is reproduced in its entirety in Appendix A beginning on page A1 of this official statement.

DOWNTOWN PROJECT AREA REDEVELOPMENT PROJECT

Background

The Redevelopment Plan (the "Plan") for the Downtown Project Area Redevelopment Project was adopted by the Agency and the City Council pursuant to City Ordinance No. 929 on October 29, 1975. This is the Agency's first and, to date, only redevelopment project. Conditions within the Project area prior to adoption of the Plan met the statutory conditions of blight, which must be found to exist as a prerequisite to initiation of redevelopment activities. These conditions included mixed and incompatible land uses, deteriorated housing, other non-conforming or underutilized properties, and inadequate public facilities.

Project Description

Encompassing approximately 41 acres, the Project area is irregular in shape, encompassing the civic center, a portion of the central business district along La Habra Boulevard, Portola Park and an area west of Harbor Boulevard.

The Plan provides for utilization of the Project area approximately as follows:

Land Use	Acres
Commercial/residential	12.0
Streets and parking	12.3
Open space	15.0
Civic center	1.7
Total	41.0

All real property in the Project area is subject to the controls and restrictions of the Plan. The Plan requires that all new construction shall meet or exceed the standards set forth in the city's building, electrical, plumbing, mechanical and other applicable construction codes. The Plan further provides

that no new improvements shall be constructed and that no existing improvements shall be substantially modified, altered, repaired, or rehabilitated except in accordance with site plans submitted and approved by the City Planning Commission.

The Plan allows for commercial, residential, administrative-professional and public uses within the Project area but specifies the particular land use area in which each such use is permitted. The Agency may permit an existing but nonconforming use to remain so long as the existing building is in good condition and is generally compatible with other surrounding developments and uses.

The heights of buildings, architectural controls, and other development and design controls necessary for proper development within the Project area are established by the Redevelopment Plan and the City Zoning Code.

Project Development and Status

Since adoption of the Plan, there have been two private developments that have occurred within the Project area.

The first of these was completion of twelve lighted tennis courts by Public Tennis Concepts, Inc. (PTC) in mid-1976. The facility is located within the city's Portola Park and provides a public tennis club for city residents. PTC has leased the site of the tennis facility from the city for a period ending June 30, 1991, at which time the entire facility becomes the property of the city. The city may then lease it to another operator or operate the facility as part of the city recreation program. During the period of the lease, the city will also receive one-half of the gross revenues derived from any operations of the facilities in excess of 90% of the scheduled capacity. The city does not anticipate receipt of substantial revenues from this source.

Being a leasehold interest, the assessed valuation of the completed facility is on the unsecured assessment roll and the Tax Revenues received from the incremental assessed valuation of the facility are received from such roll.

The second development, completed in early 1977, is a 5,500 square-foot car repair shop constructed by La Habra Foreign Car Service.

These two developments provide the principal portion of the 1977/78 incremental assessed valuation of \$195,280 in the Project.

DOWNTOWN PROJECT AREA

REDEVELOPMENT AGENCY OF THE CITY OF LA HABRA

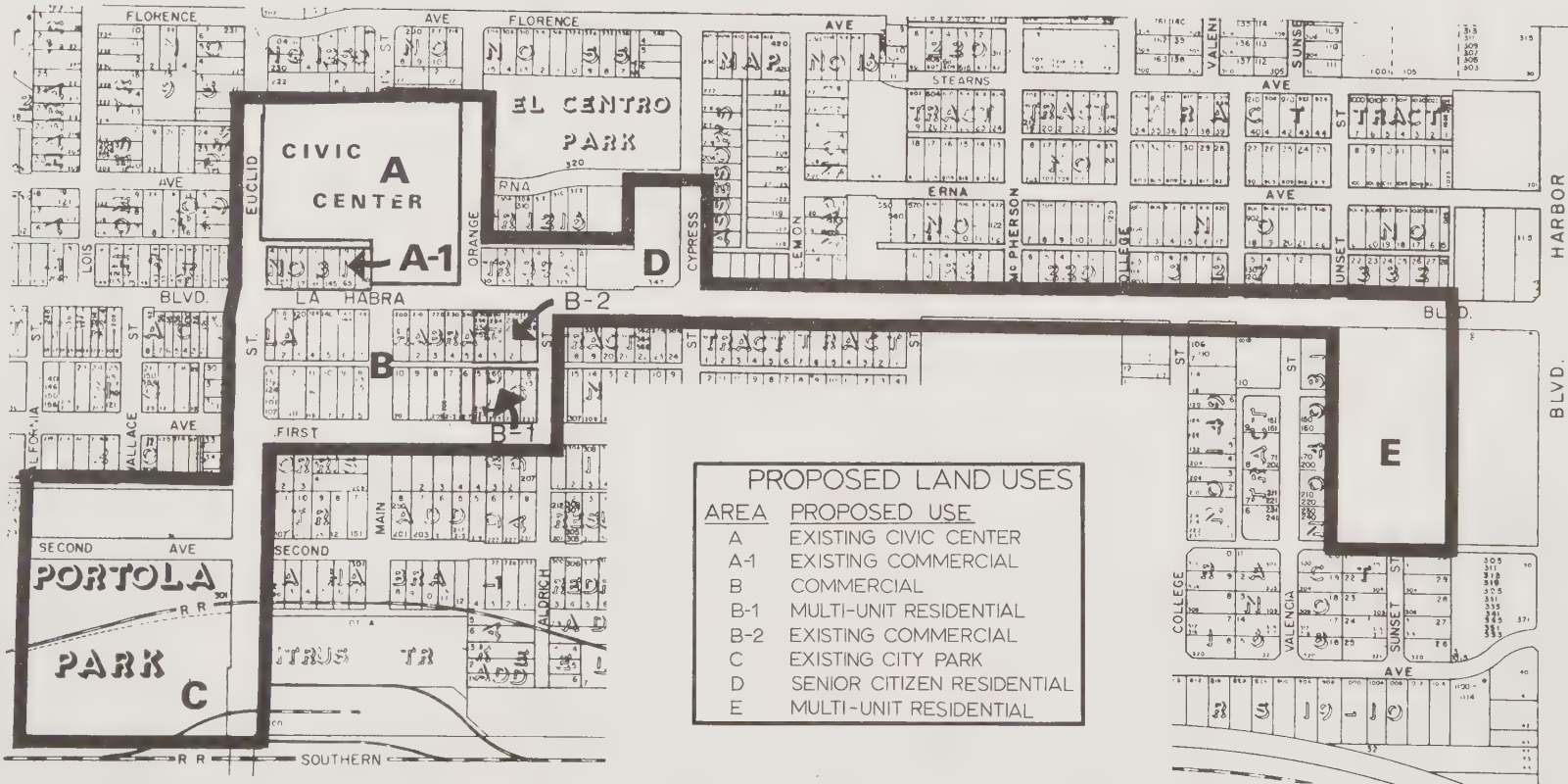


Table 1 opposite presents a history of Project assessed valuation and a summary of the 1977/78 incremental assessed valuations by assessment roll. The 1977/78 fiscal year will be the first year Tax Revenues are received (estimated to be \$19,000) by the Agency.

There are two principal developments for which building permits were issued in November and December 1977 and construction is in progress that will generate the principal Tax Revenues to meet bond service on the Bonds currently offered.

The first of these, scheduled for completion by January 1979, is a 67-unit condominium development to be constructed by Warmington Development Company. The Agency and the Mayer Construction Company entered into a participation agreement on July 19, 1977 to effect said development. When the Warmington firm acquired the proposed development from the Mayer firm in October 1977, it assumed said participation agreement. As of December 27, 1977, the developer stated that prices will range from \$58,000 to \$75,000 for the condominiums, with 51 of the total priced at \$61,000 or above. The Orange County Assessor is required to assess new development at 25% of market value. For the purposes of projecting Tax Revenues from this development, a \$60,000 market value for all the condominiums was assumed, resulting in a total market value of \$4,020,000 for the entire development, less \$288,000 existing site value. The net market value

Table 1

**DOWNTOWN PROJECT AREA
REDEVELOPMENT PROJECT**

**History of Project Assessed Valuations —
1975/76 to 1977/78**

Fiscal Year	Assessed Valuation	Increase
1975/76 (Base Year)	\$509,570	\$ —
1976/77	561,870 ^①	32,600
1977/78	704,850	195,280

① Base year valuation of \$529,270. Base year was adjusted to \$509,570 in 1977/78 in accordance with State law.
Source: Orange County Auditor-Controller.

**1977/78 Incremental Assessed Valuation
by Roll and Class of Property**

Assessment Roll	Incremental Assessed Valuation
Local Secured	\$ 65,950
Utility	10,690
Unsecured	118,640
Total	<u>\$195,280</u>

① Valuation not reported in second year, pursuant to state statute.

Source: Orange County Auditor-Controller.

Architectural rendering of Bank of America N.T. & S.A. La Habra branch bank currently under construction within the Project area.



is approximately \$3,732,000. The increase in assessed valuation would therefore be \$933,000 and would first appear on the 1979/80 assessment roll.

The second development is a bank to be constructed for the Bank of America N.T. & S.A. Scheduled for completion in fall 1978, the building permit value is \$545,760 which will result in an assessed valuation of \$136,440, which will also first appear on the 1979/80 assessment roll.

Table 2 below presents a summary of projected incremental assessed valuation estimated to be generated from these two developments.

The Agency anticipates other private developments will occur within the Project as land is acquired and cleared for resale for development, utilizing proceeds from the Bonds currently offered. These

include a Federally-assisted housing development for which the Agency has entered into an agreement with Housing Concepts, Inc. under which the Agency and developer will negotiate towards developing the housing project. However, neither this proposal or any other proposed development, other than those discussed above (see Table 2) have been utilized in the calculations of Tax Revenues presented in the following section of this official statement.

In addition to private development, the city has financed close to \$800,000 in improvements in Portola Park, located within the Project area. Also, beginning in early 1978, electric utility lines will be undergrounded along La Habra Boulevard and the street itself will be reconstructed. Portions of these improvements are within the Project area and the cost of them will not require Agency funds.

Table 2
DOWNTOWN PROJECT AREA
REDEVELOPMENT PROJECT
Projected Development Schedule

Developer	Estimated Completion Date	Estimated Full Value	Actual or Estimated Incremental Assessed Valuation ^①
On 1977/78 Tax Rolls:	—	\$ 781,120	\$ 195,280 ^②
1977/78 Subtotal		\$ 781,120	\$ 195,280
On 1979/80 Tax Rolls:			
Bank of America N.T. & S.A.	9/78	\$ 545,760 ^③	\$ 136,440
Warmington Development Company	11/78	3,732,000 ^④	933,000
1979/80 Subtotal		\$4,277,760	\$1,069,440
Estimated Incremental Assessed Valuation (1975/76 — 1979/80)			<u>\$1,264,720</u>

① At assessment ratio of 25% of full value. Does not reflect partial assessment, if any, of construction in progress.

② As reported by Orange County Auditor-Controller.

③ Building permit value as reported by City of La Habra.

④ Market value less site value based on average sale price per condominium unit as reported by developer December 27, 1977.

Project Expenditure Program

Net proceeds from the sale of the 1978 Bonds currently offered will be used, together with proceeds from the resale of property by the Agency for redevelopment and Federal funds, to acquire and clear land for redevelopment and public purposes and to repay city advances to the Project.

Table 3 opposite presents Agency estimates of Project expenditures and sources of funds.

Environmental Considerations

The Project is subject to the provisions of the California Environmental Quality Act (Public Resources Code, Section 21000 et seq.). An environmental impact report was made as a part of the formulation process for the Redevelopment Plan. A resolution certifying the environmental impact report was adopted by the City Council on October 23, 1975.

Table 3

DOWNTOWN PROJECT AREA REDEVELOPMENT PROJECT

Estimated Project Expenditures and Sources of Funds

Expenditures:

Property acquisition for redevelopment	\$ 878,773
Property acquisition for public purposes	305,000
Repayment of city advances	428,617
Total	<u>\$1,612,390</u>

Sources of Funds:

1978 Bond Proceeds (Net)	\$ 654,200
Sale of property	653,190
Housing and Community Development Funds	305,000
	<u>\$1,612,390</u>

Source: 1977/78 Agency Budget.

ESTIMATED TAX REVENUE AND BOND RETIREMENT SCHEDULE

Estimated Tax Revenues

All Tax Revenues (as previously defined) derived from the levy and collection of taxes on any increase in the assessed valuation of land, improvements, public utility and all other taxable property in the Project over and above the 1975/76 frozen base roll established by the county for such property are to be deposited in the Downtown Project Area Redevelopment Project Special Fund on and after March 1, 1978, and applied by the Fiscal Agent to the payment of interest and principal on the Bonds. If on each succeeding December 31 the balance on deposit in the Special Fund (excluding any retention from prior years' deposits) exceeds 125% of Bond interest and principal payments coming due within the then current fiscal year, the Fiscal Agent may transfer such excess to the Agency under the conditions specified in the Resolution and set forth in "The Bonds" section of this official statement.

Each annual levy of property taxes is made at the then applicable rate, but for the purpose of estimating future tax receipts and calculating an estimated Bond retirement schedule, the projection of Tax Revenues available for payment of Bond interest and principal is based on the 1977/78 tax rates applicable to the Project (\$9.5509 per \$100 assessed valuation on all taxable property plus \$.3444 per \$100 assessed valuation on land and improvements only). As discussed in the preceding section of this official statement, the incremental assessed valuation in 1977/78 is \$195,280 (\$704,850 valuation for 1977/78, less base year valuation of \$509,570, both as reported by Orange County). By application of the above tax rates to the incremental assessed valuation, the Project will generate approximately \$19,000 of Tax Revenues in the current 1977/78 fiscal year.

As discussed in the preceding section of this official statement, (see Table 2) it is anticipated

that Project incremental assessed valuation will increase by at least \$1,069,440 by 1979/80, upon completion of the bank and condominium developments, resulting in a total incremental assessed valuation of \$1,264,720 by 1979/80 and in each subsequent fiscal year. At this level, and assuming continuation of the 1977/78 tax rates applicable to the Project area, annual Tax Revenues of about \$124,700 will be generated by 1979/80 and will over estimated maximum debt service on the Bonds (\$97,250, computed on the basis of relatively equal annual bond service payments to maturity) by about 1.28 times. It is anticipated by the Agency that additional development will occur in the Project in future years but no projections of such development or resulting incremental assessed valuation have been made for the above computations.

Orange County currently assesses taxable property within the Project at an average ratio of 25.1 percent of full value (except public utility property which is assessed by the State Board of Equalization at 25 percent of full value). In accordance with state statutory provisions any new construction (including utility property) must be assessed at 25 percent of full value. Property carried on the local secured, unsecured and utility rolls is assessed to the owner of record as of each March 1 preceding the fiscal year commencing the next following July 1. Unsecured property taxes are due on the lien date and are payable by the next following August 31, while local secured and utility property taxes are due, one-half, on November 1 and February 1 of each fiscal year and become delinquent on December 10 and April 10, respectively. Tax Revenues are currently allocated to redevelopment agencies in the county in the following manner: One-half of the local secured and utility tax allocations are made by each January 31 and June 30 of each fiscal year; unsecured tax allocations are made by March 1, of each fiscal year, and the allocation of delinquent taxes is made by September 1 of the fiscal year next following the year of levy. The estimated Bond retirement schedule presented in Table 4 in this section is based upon the foregoing schedule of tax allocations to the Agency.

Estimated Bond Retirement

Under the provisions of the Resolution, the Bonds will mature serially each March 1 in the years 1982 through and including 2006 in the amounts

specified in "The Bonds" section of this official statement. As stated above and elsewhere herein, the Resolution permits withdrawal by the Agency of certain excess Tax Revenues from the Special Fund, subject to specified conditions precedent. The provisions of the Resolution require that the Fiscal Agent shall retain each year in the Special Fund an amount equal to 125 percent of Bond interest and principal coming due within the then current fiscal year before any disbursements may be made to the Agency. No disbursements of surplus funds may be made to the Agency unless the required deposits have been made to the Interest, Principal and Reserve Accounts.

The Resolution also provides that the annual amounts retained in the Special Fund after payment of Bond interest and principal (25 percent of annual debt service payments) shall be accumulated by the Fiscal Agent and applied to the purchase of outstanding 1978 Bonds at any time, and must be applied to the redemption of such Bonds on any interest payment date commencing March 1, 1992.

Based on the proposed development and tax rates applicable to the Project discussed previously, it is estimated that the entire issue of 1978 Bonds may be retired by 1997, as detailed in the Estimated Bond Retirement Schedule presented in Table 4 on page 22, or nine years prior to their final maturity date of 2006.

Together with Tax Revenues to be received in 1977/78, those received upon completion of the bank and condominium developments now in progress (1979/80) will cover estimated maximum annual debt service (\$97,250, computed on the basis

of relatively equal annual bond service payments to maturity) by approximately 1.28 times.

It should be noted that the first three years' interest on the Bonds (through March 1, 1981) will be funded from Bond proceeds. Therefore, Tax Revenues (estimated to be \$124,700 by the 1979/80 fiscal year), will not be needed to meet debt service on the Bonds until September 1, 1981, or one year after Tax Revenues are first generated by the development currently in progress within the Project.

Should the Agency issue any additional series of authorized Bonds, there is no assurance that the 1978 Bonds will, in fact, be retired by 1997. However, the conditions under which such Additional Bonds may be issued are designed and intended to prevent the dilution of the security afforded the holder of any of the then outstanding Bonds, and to assure payment by the established maturity date.

Table 4 does not reflect the initial deposit into the Reserve Account of the Minimum Reserve (the maximum annual debt service on the Bonds), since this amount is to be retained therein and, unless needed to cover any unanticipated deficiency in the Tax Revenues, will not be used until applied to the last payment of interest and principal on the 1978 Bonds (or Additional Bonds).

The estimates presented in Table 4 do not take into account interest earnings on the Special Fund which in practice will be invested in accordance with the provisions of the Resolution. To the extent that such investment income is available, the retirement of principal through purchase or call may be accelerated over the retirement schedule presented in Table 4.

Table 4

REDEVELOPMENT AGENCY OF THE CITY OF LA HABRA

\$1,080,000 Downtown Project Area Redevelopment Project, 1978 Tax Allocation Bonds

Estimated Bond Retirement and Cash Flow Schedule

Year Ending March 1	Estimated Tax Revenues ^①	Bonds Outstanding ^②	Interest Estimated @ 7%	Principal Retired ^③	Redemption Premium		Total Bond Service	Cumulative Balance in Special Fund ^④
					Percent	Amount		
1979	\$ 10,000	\$1,080,000	\$ 75,600 ^⑤	\$ —			\$ 75,000	\$ 10,000
1980	19,000	1,080,000	75,600 ^⑤	—			75,600	29,000
1981	124,700	1,080,000	75,600 ^⑤	—			75,600	123,500
1982	124,700	1,080,000	75,600	15,000			90,600	146,150
1983	124,700	1,065,000	74,550	15,000			89,550	168,538
1984	124,700	1,050,000	73,500	20,000			93,500	191,913
1985	124,700	1,030,000	72,100	20,000			92,100	214,938
1986	124,700	1,010,000	70,700	20,000			90,700	237,613
1987	124,700	990,000	69,300	25,000			94,300	261,188
1988	124,700	965,000	67,550	25,000			92,550	284,325
1989	124,700	940,000	65,800	25,000			90,800	307,025
1990	124,700	915,000	64,050	30,000			94,050	330,538
1991	124,700	885,000	61,950	30,000			91,950	353,525
1992	124,700	855,000	59,850	35,000			94,850	377,238
1993	124,700	820,000	57,400	430,000	3 %	\$ 12,900	500,300	1,638
1994	124,700	390,000	27,300	95,000	3	2,850	125,150	1,188
1995	124,700	295,000	20,650	100,000	3	3,000	123,650	2,238
1996	124,700	195,000	13,650	110,000	2¾	3,025	126,675	263
1997	124,700	85,000	5,950	85,000	2½	2,125	93,075	31,888 ^⑥
Totals			\$1,106,700	\$1,080,000		\$ 23,900	\$2,210,600	

① Based on Tax Revenues currently being generated by the Project (\$19,000) plus anticipated increases by 1979/80 resulting from new development underway as discussed previously. The revenues for 1979 assume receipt of \$9,000 prior to issuance of the Bonds.

② Prior to retirement of principal in each year.

③ Provides for redemption of callable Bonds on earliest call date (March 1, 1992) and each principal payment date thereafter, to the extent Tax Revenues and retained funds are available.

④ Represents annual retention and accumulation from Tax Revenues in yearly amounts up to 125 percent of annual debt service. Assumes application of total Tax Revenues to Bond redemption on and after March 1, 1992. Does not reflect permitted application of Reserve Account balance to final payments of principal and/or interest. Excludes interest earnings on retained funds.

⑤ Funded from Bond proceeds.

⑥ Available for distribution to other taxing agencies or for payment of Additional Bonds, if any.

CITY FINANCIAL DATA

The Bonds are not a debt of the City of La Habra and the following city financial data are included only for the purposes of providing general information.

Assessed Valuations

The City of La Habra uses the facilities of Orange County for the assessment and collection of taxes for city purposes. City taxes are collected at the same time and on the same tax rolls as are county, school district, and special district taxes. Assessed valuations of properties are the same for both city and county taxing purposes. The California State Board of Equalization reports the 1977/78 Orange County valuations to average 25.1 percent of full value except for public utility property, which is reported to be assessed at 25 percent of full cash value by the state. Assessment ratios in 1976/77, the previous fiscal year, were 24.6 percent of full value for locally assessed property and 25 percent for state assessed property.

The California State Legislature adopted two types of state-reimbursed exemptions beginning in the tax year 1969/70. The first currently exempts 50 percent of the assessed valuation of business inventories from taxation. The second exemption currently provides a credit of \$1,750 of the assessed valuation of an owner-occupied dwelling for which application has been made to the county assessor.

Revenue estimated to be lost to local taxing agencies due to the above exemptions is reimbursed from state sources. Reimbursement is based upon total taxes due upon such exempt values and therefore is not reduced by any amount for estimated or actual delinquencies.

The two tabulations to the right present the 1977/78 assessed valuation of the city before and after giving effect to state-reimbursed exemptions and a summary of assessed valuations since 1968/69.

CITY OF LA HABRA

1977/78 Assessed Valuations

Assessment Roll	Net Assessed Valuation	Business Inventory and Homeowner Exemptions	Assessed Valuation For Revenue Purposes
Local			
Secured ..	\$146,114,675	\$14,741,705	\$160,856,380
Utility	7,162,780	—	7,162,780
Unsecured ..	16,692,921	5,462,839	22,155,760
Total ..	\$169,970,376	\$20,204,544	\$190,174,920 ^①

① Includes \$195,280 of incremental assessed valuations within the Agency's redevelopment projects. Property taxes levied against such valuations may be paid to the Agency and in such case would not be available to overlapping taxing entities.

Source: Orange County Auditor-Controller.

CITY OF LA HABRA

Assessed Valuations

Fiscal Year	Assessed Valuation
1968/69	\$ 75,484,420
1969/70	80,897,923*
1970/71	96,173,536*
1971/72	100,614,549*
1972/73	115,337,891*
1973/74	121,960,666*
1974/75	137,146,575*
1975/76	147,175,325*
1976/77	168,539,000*
1977/78	190,174,920*

* Before deduction of State-reimbursed exemptions (first in effect in 1969/70).

Source: Orange County Auditor-Controller.

Tax Rates

The 1977/78 city tax rate of \$1.404 per \$100 assessed valuation is comprised of \$.8375 for general city purposes, \$.3130 for parks and recreation and \$.2535 for employee retirement. As a general law city, the legal maximum tax rate for general city purposes is \$1.00 per \$100 assessed valuation.

A total of nine tax code areas have been established within the city for the 1977/78 fiscal year. The two largest, Tax Code Areas 6-001 and 6-008, have assessed valuations of \$115,826,590 and \$47,379,530, respectively, or about 86 percent of the city's total assessed valuation. The tax rates applying within these areas are shown in the following tabulation.

CITY OF LA HABRA
1977/78 Tax Rates/\$100 Assessed Valuation
Tax Code Areas 6-001 and 6-008

	Code Area 6-001	Code Area 6-008
City of La Habra	\$1.4040	\$1.4040
Orange County	1.3300	1.3300
Schools	6.1315	5.9974
County Library .....	.1546	.1546
County Flood Control .....	.1888	.1888
Metropolitan Water District .....	.1300	.1300
Other special districts .....	.2120	.2120
Total, all property	\$9.5509	\$9.4168
Land and Improvements only:		
County Sanitation .....	.3444	.3444
Total, all rates	\$9.8953	\$9.7612

Source: Orange County Auditor-Controller.

Tax Levies and Delinquencies

Taxes on the secured roll are payable in two installments on November 1 and February 1 of each fiscal year, and become delinquent on December 10 and April 10, respectively. Taxes on unsecured property are assessed and payable on March 1 and become delinquent the following August 31 in the next fiscal year.

The tabulation at the top right shows the amount of secured taxes levied by the city since 1967/68 together with the amount and percent of current taxes delinquent on June 30 of each year. Over the ten year period, excluding 1968/69, the city's average annual rate of secured tax delinquency was 1.47 percent.

Principal Taxpayers

The tabulation opposite presents the ten principal property taxpayers in the City of La Habra, and the 1977/78 secured assessed valuation of each.

CITY OF LA HABRA
Current Tax Levies and Delinquencies

Fiscal Year	City Secured Tax Levy	Delinquent June 30	Percent Delinquent June 30
1967/68	\$ 972,685	\$18,261	1.87%
1968/69		N. A.	
1969/70	1,026,555	25,272	2.46
1970/71	1,227,140	18,530	1.51
1971/72	1,290,477	14,537	1.13
1972/73	1,482,556	17,372	1.17
1973/74	1,429,225	12,965	.91
1974/75	1,617,710	31,216	1.93
1975/76	1,746,775	19,611	1.12
1976/77	1,864,260	21,782	1.17

Note: Excludes state-reimbursed exemptions and levies against incremental assessed valuations of redevelopment projects in the city. Records for 1968/69 are not available.

Source: Orange County Auditor-Controller.

CITY OF LA HABRA
Principal Taxpayers

Company	1977/78 Secured Assessed Valuation*
General Telephone Co.	\$3,525,920
Sunrich Mercantile Corp.	3,294,100
U. S. Steel and Carnegie Pension Fund Trust	3,076,950
Bankamerica Realty Investors	2,907,970
La Habra Community Hospital	2,373,370
Bullock's Realty/Federated Department Stores Inc.	2,095,775
Southern California Edison Co.	2,054,850
Stephen E. Smith et. al.	1,056,860
General Aniline and Film Corp.	853,110
La Habra Cold Storage Inc.	830,450

* Derived from a visual inspection of the Orange County Secured Tax Roll. The above are minimum values.

Sources: Orange County Assessor and Auditor-Controller offices.

Employee Retirement

Permanent city employees are covered under the Public Employees' Retirement System (PERS) of the State of California. Through June 30, 1977, the city contributed an amount equal to 12.58 percent of miscellaneous employee wages and 16.166 percent of safety employee wages. Rates for general employees increased by 1.08 percent on July 1, 1977 to 13.66 percent. City contributions for safety employees decreased by .119 percent to 16.047 percent effective July 1, 1977. Employee contributions equal seven percent of wages for general employees. Safety employees make contributions based upon a formula which takes into account the individual's age at the time his employment commences.

PERS was originally established in 1931. The System is governed by an eleven member Board of Administration. Administration functions are carried out under the direction of an Executive Officer with a current staff of approximately 475. As of June 30, 1976, there were 543,436 members of which approximately 9% were classified as "safety" members (principally fire and police employees) and the balance were classified as "miscellaneous" members (management, administrative, staff, operational and clerical employees).

Approximately 33% of the members are state personnel and the balance (67%) are public agency personnel. As of June 30, 1976, the System provided retirement, death and survivor benefits under 944 contracts for about 1,950 public agency employers (cities, counties, and other public agencies) with 364,116 members. The System's funding is by employer and employee contributions together with investment income. Contributions fluctuate yearly depending on the number of members and their respective salary schedules. The annual contribution by the State of California for the 1974 and 1975 fiscal years, as reported by the State Controller, was \$162,649,578 and \$231,057,854, respectively. The System's financial statements are prepared on an accrual basis of accounting and the System's auditor is Coopers & Lybrand, Sacramento, California. Citicorp Investment Management, Inc., San Francisco, provides investment advisory services. The System's actuarial activities are conducted internally on a continuous basis, with an experience analysis being conducted no less than every four years.

Total assets of the System at June 30, 1976 were \$7,896,318,894, according to the Annual Report of the State Controller. Of this amount, reserves of \$7,862,480,565 were available for benefits. Comparable figures for June 30, 1975 were \$7,010,807,246 and \$6,966,356,482, respectively. The unfunded obligation of the System was determined to be \$6,131,556,655 at June 30, 1975 by the independent auditors. The total unfunded obligation does not take into account the provisions of Chapter 187, Statutes of 1975, which prescribed a new increased contribution rate by the state with respect to state miscellaneous members.

The amount of the respective unfunded liabilities will vary from time to time depending upon the actuarial assumptions utilized, rates of return and salary scales. The present System policy is designed to satisfy the unfunded obligation by the year 2000.

Employer-Employee Relations

Approximately 34 city employees are members of the International Association of Firefighters Local 138, the only outside employee bargaining unit in the city. All other employee bargaining is carried on internally. Under provisions of the Meyers, Milias, Brown Act of California, formal contractual agreements are not executed between the city and bargaining units. However, terms of the salary settlements are incorporated into memorandums of understanding.

Revenues, Expenditures and Fund Balances

Table 5 on page 26 represents a five-year summary of the city's revenues and expenditures, excluding the city water utility. The city's general fund balance as of June 30, 1977 was \$2,017,572 (preliminary) as compared with \$1,620,177 on June 30, 1976.

Direct and Overlapping Bonded Debt

The city has no general obligation or revenue bonded debt. A statement of the city's estimated overlapping debt is presented in Table 6 on page 27.

Also, the city is obligated for annual lease payments as follows: (1) \$71,000 through 1983/84 for rental of the La Habra Police and Fire Building. However, bonds have been purchased by the issuing

authority prior to their stated maturities, leaving \$33,000 outstanding as of the date of this official statement, which will result in an earlier expiration of the lease; (2) \$54,000 through 1995/96 for rental of the City Hall. Upon payment and expiration of

these leases, ownership of the leased facilities will vest in the city. Of these bonds, a total of \$560,000 will be outstanding as of the date of this official statement. Their final maturity is February 1, 1995.

Table 5

CITY OF LA HABRA

Revenues and Expenditures

	1972/73	1973/74	1974/75	1975/76	1976/77
Revenues:					
Property Taxes	\$1,676,601	\$1,629,152	\$1,831,804	\$1,978,232	\$2,111,789
Other Taxes	1,328,994	1,533,797	1,609,363	1,796,353	1,959,239
Licenses and Permits	93,408	127,958	77,714	112,820	98,465
Fines and Penalties	79,021	71,320	105,454	110,728	113,016
Use of Money and Property	134,999	225,464	212,659	151,162	170,076
From Other Government Agencies	1,668,297	2,139,680	2,653,976	3,556,252	4,144,703
Service Charges	103,280	216,602	161,827	302,141	427,626
Other	38,339	25,919	261,269	-0-	31,986
Total	\$5,122,939	\$5,969,892	\$6,914,066	\$8,007,688	\$9,056,900
Expenditures (including capital outlays):					
General Government	\$1,097,694	\$1,023,087	\$1,473,678	\$2,475,226	\$2,900,379
Public Safety	1,728,785	2,250,894	2,575,085	2,815,572	3,025,252
Public Works	1,141,118	1,404,073	1,389,586	1,199,990	1,645,946
Parks and Recreation	449,729	1,205,769	603,361	1,127,171	1,264,648
Contributions to Other Governmen- tal Units	-0-	781,694	-0-	106,116	156,348
Total	\$4,417,326	\$6,665,517	\$6,041,710	\$7,724,075	\$8,992,573

Source: City Finance Department as reported to State Controller.

Table 6

CITY OF LA HABRA

Estimated Overlapping Debt

Population (January 1977)	43,400 ^①
1977/78 Assessed Valuation	\$190,174,920
1977/78 Estimated Market Value	\$760,700,000 ^②

Entity	Percent Applicable ^③	Debt Applicable February 14, 1977 ^④
Orange County	1.906%	\$ 72,619
Orange County Flood Control District	1.906	375,673
Metropolitan Water District	0.377	2,013,545
Orange County Sanitation Districts Nos. 2 and 3	0.007-7.908	443,463
Fullerton Community College District	17.725	30,132
Fullerton Union High School District	17.725	1,269,996
La Habra School District (1950-1968 issues)	54.697	597,993
La Habra School District (subsequent issues)	72.775	1,037,055
Lowell Joint School District	38.193	377,728
Fullerton School District (1957-1965 issues)	0.343-0.337	6,347
TOTAL OVERLAPPING BONDED DEBT		\$6,224,551

	Ratio to		Per Capita
	1977/78 Assessed Valuation	1977/78 Market Value	
1977/78 Assessed Valuation	100. %	② %	\$4,382
Direct Debt	-0-	-0-	-0-
Total Debt	3.27	.82	144

① Source: State Department of Finance.

② The State Board of Equalization reported 1977/78 Orange County assessed valuations average 25.1 percent of full value except for public utility property which is reportedly assessed at 25 percent of full value.

③ Source: California Municipal Statistics, Inc., San Francisco, California.

④ Excludes city authority lease obligations (\$593,000); city share of county authority lease obligations (\$463,330); and tax allocation bonds. Excludes sales, and redemptions, if any, between January 1 and February 14, 1978.

Note: CITY SHARE OF AUTHORIZED AND UNSOLD BONDS:

Metropolitan Water District	\$1,376,050
La Habra School District	600,394
Lowell Joint School District	121,454

THE CITY

The City of La Habra is located in the northwest corner of Orange County bordering the Orange-Los Angeles County boundary line. It is adjacent to the cities of Whittier to the west, Brea to the east, and Fullerton to the south. La Habra is situated approximately 20 miles southeast of Metropolitan Los Angeles and 100 miles northwest of San Diego. The city comprises approximately 6.6 square miles in area. Elevations within La Habra range from 350 to 520 feet above sea level. The city has a mild climate with average temperatures ranging from 48 degrees to 76 degrees with a mean of 62 degrees. Average annual rainfall is 14.5 inches.

Originally, the city was a citrus, walnut and avocado producing agricultural center. Today, subsequent to substantial growth in population and physical development, La Habra has been transformed into a balanced community of residential, commercial, and industrial uses. The city offers a distinctive and well-rounded program of civic, recreational, social and cultural services to its residents.

Municipal Government

Incorporated on January 21, 1925, La Habra is a general law city operating under the Council-Manager form of government. The City Council is composed of five members who are elected at-large to alternating four-year terms at elections held every two years. The Council selects one of its members to serve as Mayor. Advisory commissions appointed by the Council include: Planning, Social Concerns, Recreation, and Traffic. Other advisory bodies to the Council are the Personnel Board and Underground Utility Committee.

La Habra was named an All-America City by the National Municipal League in 1974. La Habra was judged to be outstanding in the following areas: improving human relations; broadening educational op-

portunities; increasing citizen access to governmental decision making; and improving the effectiveness of civic organizations.

The 1977/78 city budget totals \$11.8 million, of which \$2.3 million is for capital improvements. It provides for approximately 225 full-time personnel to conduct city functions. La Habra's Police Department employs 84 sworn and non-sworn personnel while its Fire Department employs 40 sworn and non-sworn personnel.

Population and Housing

Since 1950 the city's population has increased over 700 percent. Throughout the years the nature of the community has remained basically constant while growth has been relatively rapid in keeping with the residential and commercial/industrial development the city has experienced. The tabulation following presents population data for La Habra.

CITY OF LA HABRA

Population Data

Year	Population	Percent Increase
1950	4,961	—
1960	25,136	406.7
1970	41,350	64.5
1977	43,400	5.0

Sources: 1950-1970 U. S. Census Bureau; 1977, State Department of Finance estimate as of January 1, 1977.

The 1970 Census of Housing reports that 58 percent of the city's housing units were single-family dwellings and 90 percent were owner-occupied. Median home value was \$42,000. Median sale price asked for a home in the city was \$45,000. Median rental is \$200 per month. The median 1970 family income in La Habra, as reported by the Census, was \$12,213.

Employment

The City of La Habra lies within the Orange County Labor Market area which encompasses the entire county. As of September 1977, the total civilian em-

ployment for county residents was 654,500, an increase of 39,400 over the previous September. The seasonally adjusted unemployment rate was 4.1 percent compared with 5.5 percent the previous year. A distribution of wage and salary employment by industry is shown in the tabulation to the right.

Industry

Manufacturing and light industry are important factors in La Habra's economy. A total of 770 acres in the city are zoned for industry. Of this, approximately 29% is graded and improved. There are over 150 industrial, warehousing, distributors and heavy manufacturing firms within the community. As reported in 1976, La Habra had over 760 firms of which one was agricultural in nature, 70 were manufacturing, 261 were trade and 224 were service. Activity of major employers in the community is retail trade, hospital, oil extraction/research and construction. A list of the principal employers in the city is shown at the bottom of the page.

Banking

The city is served by the following banks and savings and loan associations: Bank of America National Trust and Savings Association (3

ORANGE COUNTY LABOR MARKET AREA

Civilian Employment by Industry^①

Industry	September 1977	September 1976
Manufacturing	168,500	162,800
Construction	41,700	33,500
Transportation, Communications, Utilities	20,000	18,900
Trade	159,600	149,200
Finance, Insurance, Real Estate	36,700	33,500
Services	121,600	115,900
Government	93,900	88,600
Agriculture	10,400	10,800
Mining	2,100	1,900
Total	654,500	615,100

① Excludes self-employed and unpaid family workers, and workers involved in labor disputes.

Source: California Department of Employment Development.

CITY OF LA HABRA

Principal Employers

Employer	Product/service	No. of Employees
Alpha Beta Company	Grocery	500
Bullock's	Retail Department Store	375
Cal Russ Construction	Concrete Construction	500 Avg.
Chevron Oil Field Research	Oil Field Research	400
Chevron U.S.A., Inc.	Petroleum Products	500
GAF Corporation	Manufacturing, Distributing	200
City of La Habra	Government	275 ①
La Habra Community Hospital	Hospital	500
Master Fence Fitting	Metal Products	139
Orvin Engineering	Miscellaneous Chemical Products	142

① This figure includes 46 full time CETA employees. The City also hires student employees on a part-time basis and the number of these part-time employees varies from 300 to 650 persons during the fiscal year.

Source: City of La Habra.

branches), Crocker National Bank, Lloyds Bank, Mitsubishi Bank of California, Security Pacific National Bank (2 branches), United California Bank, Citizens Savings and Loan, Fullerton Savings and Loan, Lincoln Savings and Loan, Mercury Savings and Loan, Quaker City Federal Savings and Loan Association, U. S. Life Savings and Loan, and Western Federal Savings and Loan.

Commercial Activity

The City of La Habra has diverse commercial development which is located within the central business district (La Habra Blvd.) and in various open and enclosed malls. Major local shopping centers include the La Habra Circle Center, Harbor Central Plaza, La Habra Plaza, Hacienda Plaza and La Habra Square.

The city's regional shopping center is La Habra Fashion Square which is an open mall comprised of two anchor and fifty-one satellite tenants. Other major areas of commercial activity within the community are five car dealerships and a wide variety of

offices, service establishments, restaurants and other retail outlets.

Taxable transactions in the city totaled more than \$124 million in 1974, and increased to \$149 million in 1976 (latest full-year data available). Growth of taxable sales in the city since 1972 is summarized below.

CITY OF LA HABRA

Taxable Transactions

Year	Number Outlets	Taxable Transactions
1972	860	\$ 97,907,000
1973	901	117,566,000
1974	937	124,651,000
1975	989	134,211,000
1976	1,052	149,134,000
1977 (6 Mos.)	1,088	80,948,000

* Source: State Board of Equalization.

The Alpha Beta Company's grocery distribution center located within the city and presently employing about 500.





La Habra Fashion Square, a regional shopping center within the city. The center has two major department stores and 51 specialty shops.

Construction Activity

The City of La Habra issued building permits valued in excess of \$19 million in 1976 and more than \$21.1 million in 1977. Of the 1977 total dollar volume, about 55 percent consisted of new residential construction, predominantly multi-family struc-

tures. Residential permits approved during 1977 represented 258 dwelling units. More than 75 percent were for multi-family structures. Building permit values since 1973 are summarized in the tabulation below. Some of the major permits issued by the city in 1977 are listed on the next page.

CITY OF LA HABRA

Building Permit Valuations

	1973	1974	1975	1976	1977
Value:					
New residential	\$20,413,292	\$ 1,391,119	\$ 5,844,742	\$14,707,535	\$11,592,318
New commercial and industrial	3,151,902	373,280	1,198,962	2,250,633	5,972,191
Other	554,173	4,360,831	2,987,883	2,135,606	3,572,451
Total	\$24,119,367	\$ 6,125,230	\$10,031,587	\$19,093,774	\$21,136,960
Number of new dwelling units:					
Single	206	4	9	16	62
Multiple	566	70	137	365	196
Total	772	74	146	381	258

Source: City of La Habra, Building and Safety Department.

CITY OF LA HABRA

Major Building Permits — Calendar 1977

Project	Owner/Builder	Permit Valuation
Houses	Classic Development Co.	\$2,909,520
Condominiums	Continental Development Co.	2,611,989
Condominiums	Warmington Development Company	2,352,940
Market (5 buildings)	W & D Commercial Properties	1,151,430
Houses	Boulevard Development Co.	1,106,675
Apartments	Tony Agrusa	1,067,208
Drug Store	Long's Drug Store	640,800
Bank	Bank of America N.T.&S.A.	545,760
Apartments	Tesler/Barkdale	543,090
Retail Store	J. Cefalia	250,425
Industrial	Bailey/MacMillan	232,320
Racquetball Courts	J. Lastition	164,700

Source: City of La Habra, Building and Safety Department.

Transportation

La Habra is served by the nearby Orange, Pomona, and Riverside freeways and state Routes 39, 90, and 72 (Whittier and Harbor Blvds.) which serve as major north-south and east-west thoroughfares to central and south Orange County and all of Los Angeles County. The city is served by the Orange County Transit District (OCTD), Southern California Rapid Transit District and OCTD-sponsored inter-city Dial-A-Ride service. Greyhound provides interstate bus service to the area. Rail lines serving La Habra are the Southern Pacific and Union Pacific. Amtrak operated passenger train service is available in nearby Fullerton and Santa Ana. Scheduled truck service is provided by all major trucking firms which serve Orange and Los Angeles Counties. Fullerton, Ontario International, Long Beach, Orange County and Los Angeles International airports serve city residents. Commuter service is provided to Los Angeles International by charter airlines. Two heliports are located within three miles of the city. The nearest deep water port is the Port of Long Beach and adjoining Port of Los Angeles.

Utilities

The residents and businesses of La Habra are supplied electrical service by Southern California

Edison Company; natural gas by Southern California Gas Company; and telephone service by Pacific Telephone and General Telephone companies. General Telephone services all of the redevelopment project area.

The City of La Habra owns the sewer lines and operates the sewage collection system. Orange County Sanitation Districts (OCS D) Nos. 2 and 3 accept and dispose of sewage. The redevelopment project area is wholly served by OCS D No. 3.

Water is supplied to the majority of the city by the city water department. The California Domestic Water Company provides water for approximately 50 connections. The Suburban Water Company furnishes water for 200 connections in 2 small outlying areas of the city.

The city water department utilizes two major supply sources. About 30 percent of its supply comes from the California Domestic Water Company. La Habra owns 1,719.5 shares or 21.5 percent of the 8,005 total shares of California Domestic Water Company. Seventy percent of the department's supply comes through the Municipal Water District of Orange County (MWDOC) which in turn purchases the water from the Metropolitan Water District.

California Domestic Water Company wells pump the San Gabriel River underground basin, while MWDOC obtains its water from the Colorado River, and the California Water Project (Feather River). However, because of severe drought conditions in the northern part of the state the MWDOC is now obtaining its supply solely from the Colorado River.

The city water department has two supplemental sources of water from interties with the Southwest Water Company and the Suburban Water Company. The two interties are for emergency use but the city has never had occasion to utilize these sources. The city presently has 10 million gallons of reservoir storage. There are tentative plans to provide another 4.5 million gallons of storage capacity.

Education

Public educational services in the city are provided by two elementary school districts and one high school district. La Habra School District operates nine elementary and two intermediate schools in the community. Lowell Joint School District serves the cities of Whittier and La Habra. The district operates nine schools. Within the City of La Habra, the Lowell Joint School District operates three elementary schools and one intermediate school. The La Habra students constitute approximately forty-two percent of the total student enrollment in the Lowell District.

The Fullerton Union High School District operates eight high schools, one of which is a continuation high school. La Habra is served by three high schools, two of which are located within the city boundaries. The redevelopment project area is wholly served by the La Habra School District and the Fullerton Union High School District. Shown to the right is a record of attendance since 1972/73 for public schools serving the city.

Our Lady of Guadalupe is a private Catholic school (grades 1-8) located in La Habra. The enrollment for the 1976/77 school year was 561.

There are several colleges and universities within a 30-mile radius which afford opportunities for higher education. Fullerton and Cypress are two North Orange County Community College District colleges offering two-year programs. Four-year institutions located nearby are California State University at Fullerton, California State University at

Long Beach, University of California at Irvine, Chapman College, Biola College, and Whittier College.

CITY OF LA HABRA

Average Daily Attendance, Grades K-12

School Year	La Habra ^① School District (Grades K-8)	Lowell ^② Joint School District (Grades K-8)	Fullerton ^③ Union High School District (Grades 9-12)
1972/73	5,286	5,196	5,747
1973/74	5,203	4,960	5,729
1974/75	5,049	4,613	5,735
1975/76	5,042	4,213	5,644
1977/78 ^④	4,832	3,468	5,509

Source: School Districts noted above.

① Figures do not include summer school or special education.

② Figures include summer school and special education.

③ Figures are only for the schools within the district serving the City of La Habra (La Habra, Lowell, and Sonora High Schools) and do not include summer school.

④ Fall term enrollment.

Recreation Facilities

The city Recreation Department offers a comprehensive program of sports, hobbies and social and cultural programs which are designed to appeal to a wide variety of ages and interest groups. These include classes in swimming, tennis, golf, skiing, chess, dancing, theater, and gym activities among others. There are twelve city parks, a public tennis complex and approximately twelve miles of bicycle routes.

La Habra is located close to several popular tourist attractions. Disneyland, Knotts Berry Farm and Lion Country Safari are less than 30 minutes away. Approximately 20 minutes away is Anaheim Stadium, home of the California Angels baseball team. The city is also located within a short driving distance from the resort areas in the San Bernardino mountains and the Southern California beaches.

Community Facilities

A wide variety of health and social services are available within La Habra from public and private

resources. There is a community hospital in the city with a 299-bed capacity including 251 medical-surgical beds and 48 mental-psychiatric beds. There are six general hospitals in North Orange County to serve area residents. There are over seventy-five medical professionals practicing in the city. The only clinic on the West Coast for treatment of neurologically handicapped children is located in La Habra.

Also located in the city are two fire stations providing mobile intensive care (Paramedics) and emergency ambulance services, a Youth Services Center, Human Resource Center, a City Manpower (Employment and Training) Department, facilities for senior citizens and two Child Development Centers.

There is a branch of the Orange County Library located in the city which contains over 50,000 volumes.

There is a local newspaper in the city and five major Southern California daily newspapers are delivered to the city. In addition, cable television is available to residents.

Residential and commercial revitalization of the city's older section is in progress under the auspices of a local Neighborhood Housing Services agency, SBA/Local Development Corporation, La Habra Redevelopment Agency and various other local rehabilitation assistance programs.

The La Habra City Hall and civic center complex.



AUDIT

La Habra Redevelopment Agency
Financial Statements
June 30, 1977

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LA HABRA REDEVELOPMENT AGENCY

Financial Statements

June 30, 1977

(With Accountants' Report Thereon)



Peat, Marwick, Mitchell & Co.

PEAT, MARWICK, MITCHELL & CO.

CERTIFIED PUBLIC ACCOUNTANTS

660 NEWPORT CENTER DRIVE

NEWPORT BEACH, CALIFORNIA 92660

The Honorable Members of the
La Habra Redevelopment Agency:

We have examined the balance sheet and the statement of project costs of the La Habra Redevelopment Agency as of June 30, 1977 and the related statement of changes in project costs for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the aforementioned financial statements present fairly the financial position of the La Habra Redevelopment Agency at June 30, 1977 and the changes in its project costs for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Peat, Marwick Mitchell & Co.

Newport Beach, California
August 30, 1977

LA HABRA REDEVELOPMENT AGENCY

Balance Sheet

June 30, 1977

Assets

Federal Grant due from County of Orange (note 3)	\$ 36,486
Tax increments receivable - due from City of La Habra	1,499
Net project costs	<u>449,721</u>
Total assets	\$ <u>487,706</u>

Liabilities and Capital

Liabilities:

Due to City of La Habra - General Fund (note 4):

Advances	\$ 428,617
Interest	20,228
Accounts payable	<u>2,375</u>

Total liabilities 451,420

Capital:

Federal grant (note 3)	<u>36,486</u>
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Total liabilities and capital \$ 487,706

See accompanying notes to financial statements.

LA HABRA REDEVELOPMENT AGENCY

Statement of Project Costs

June 30, 1977

Project costs:	
Administrative costs	\$ 7,905
Real estate acquisition costs	405,354
Interest expense	20,229
Sewer installation costs	<u>17,732</u>
Gross project costs	451,220
Less incremental property taxes	<u>1,499</u>
Net project costs	\$ <u><u>449,721</u></u>

LA HABRA REDEVELOPMENT AGENCY

Statement of Changes in Project Costs

Year ended June 30, 1977

Balance - July 1, 1976	\$ <u>143,820</u>
Project costs:	
Administrative costs	3,231
Real estate acquisition costs	270,002
Interest expense	16,435
Sewer installation costs	<u>17,732</u>
Gross project costs	307,400
Less incremental property taxes	<u>1,499</u>
Net project costs	<u>305,901</u>
Balance - June 30, 1977	\$ <u><u>449,721</u></u>

See accompanying notes to financial statements.

LA HABRA REDEVELOPMENT AGENCY

Notes to Financial Statements

June 30, 1977

(1) Summary of Significant Accounting Policies

Basis of Accounting

Financial statements are prepared on the accrual basis of accounting. The financial records of the Agency are maintained by the City of La Habra and are accounted for as a trust fund of the City.

Project Costs

Costs incurred in the development of the Downtown Redevelopment Project, net of project revenues have been capitalized in anticipation of the ultimate sale of the properties to outside developers. The Downtown Redevelopment Agency has purchased the following parcels since inception: 22-172-01, 22-172-04, 22-172-09, 22-172-29, 22-172-30, 22-172-12, 22-172-02 (only westerly 32.7 feet), 22-184-01, 22-184-07, 22-184-17 and 22-171-12.

Incremental Property Taxes

Incremental property taxes are considered project revenues when received from the County of Orange.

(2) Creation of La Habra Redevelopment Agency

The La Habra Redevelopment Agency was created by Ordinance No. 922 of the La Habra City Council, adopted on January 7, 1975. The Agency was established pursuant to the Community Redevelopment Law of California as codified in Part I of Division 24 of the State of California Health and Safety Code. The Agency was empowered to engage in the general economic revitalization and redevelopment of the City of La Habra through acquisition and development of property in those areas of the City determined to be in a declining state. The principal project of the Agency is known as the Downtown Redevelopment Project which was approved by Ordinance No. 929 at a joint meeting of the Agency and the La Habra City Council on October 29, 1975.

(3) Federal Grant due from County of Orange

The City has assigned to the Redevelopment Agency a Community Development Block Grant to fund the acquisition of certain real estate within the redevelopment project. At June 30, 1977 the Agency had applied for funding of \$36,486 under this grant.

(4) Due to City of La Habra - General Fund

The City of La Habra has advanced the Agency certain monies to assist in the implementation of redevelopment plans. The Agency has agreed to pay 8% interest on advances due to the City of La Habra. The advances together with accrued interest are to be repaid to the City by the Agency from tax increments accruing to the Agency for the Downtown Redevelopment Project pursuant

LA HABRA REDEVELOPMENT AGENCY

Notes to Financial Statements

to Section 33670 - 33674 of the California Health and Safety Code and Section 19, Article XIII of the California Constitution or from any other funds which may be legally available to the Agency for repayment to the City. There is no stipulated due date for repayment.

(5) Subsequent Event

On August 3, 1977 the Redevelopment Agency sold parcels 22-172-01, 22-172-02 (only westerly 32.7 feet), 22-172-09, 22-172-29, 22-172-30 and 22-172-12 out of the Redevelopment Project for \$188,190. The Agency accounts for proceeds from the sale of project parcels as a reduction of gross project costs.

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